

incentive plan to strengthen and clarify objectives and will continue to review its plan annually to ensure that components are balanced and in line with corporate and Commission objectives.

C. NECA's Cost Study Review Process

NECA's Comments provided a detailed overview of its current Cost Study Review Process, including methods for cost study validation and cost issues resolutions.⁷⁹ Commenters familiar with NECA procedures express support for NECA's methods, which attempt to balance the potential benefits of field reviews with considerations of materiality and resource requirements.⁸⁰

A few commenters endorse the Commission's tentative proposal to require NECA to supply reports of its cost study review activities.⁸¹ NECA does not necessarily object to providing summary reports of review activities, if directed to do so by the Commission. However, the Commission should not require NECA to identify companies in such reports or disclose specific review findings. Such disclosure requirements could adversely affect NECA's ability to conduct reviews and create incentives for ECs to leave the pools. As stated in NECA's Comments. ECs participating

IV. CONCLUSION


The Commission's NPRM proposes measures to improve the interstate access tariff and revenue distribution processes administered by NECA. NECA, throughout the last ten years, has striven to enhance its processes in compliance with the Commission's rules wherever possible. NECA voluntarily responded to many of the independent auditor's recommendations prior to issuance of the NPRM. In this spirit, NECA is supporting many of the Commission's proposals as evidenced in its Comments and this Reply. NECA has shown that it has already complied with or gone beyond many of the Commission's proposals.

Commenters in this proceeding support NECA's proposals as set forth in its Comments. No commenter has provided substantiation for additional measures. The Commission should therefore adopt NECA's proposals, including the permanent addition of two outside directors, the retention of the current Board size and composition,

the eligibility criteria, and the selection, nomination and election process for all directors. The Commission should not adopt its proposals to require on-line access to NECA data bases and submission of NECA's incentive compensation plan.

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

Respectfully submitted,

By: 

By: 

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May 14, 1993

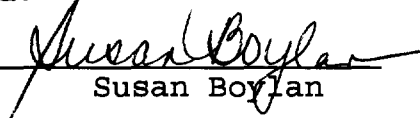
APPENDIX A

Alltel Service Corporation (Alltel)
American Telephone and Telegraphy Company (AT&T)
Ameritech Operating Companies (Ameritech)
Anchorage Telephone Utility (ATU)
Bell Atlantic Telephone Companies (Bell Atlantic)
Cathey, Hutton & Associates, Inc. (CHA)
General Communication, Inc. (GCI)
ICORE, Inc. (ICORE)
John Staurulakis, Inc. (JSI)
National Association of Regulatory Utility Commissioners (NARUC)
National Telephone Cooperative Association (NTCA)
Organization For the Protection and Advancement of Small Telephone
Companies (OPASTCO)
Southwestern Bell Telephone Company (SWBT)
United States Telephone Association (USTA)
Virginia Telephone Association Member Companies (VTA)

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Replies were served this 14th day of May, 1993, by mailing copies thereof by United States Mail, first class postage prepaid, to the persons listed.

By


Susan Boylan

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